

Perpetual Limited

**INVESTMENT
COMMITTEE**

TERMS OF REFERENCE

Approved December 2018

Perpetual 

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INVESTMENT COMMITTEE
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1. OBJECTIVE

- 1.1. The Investment Committee (committee), is a committee of the board of directors of Perpetual Limited (Perpetual). The purpose of the committee is to assist the board in monitoring the effectiveness of Perpetual's investment governance framework in relation to the investment activities Perpetual and its subsidiaries (Perpetual Group) perform for its clients.
- 1.2 The committee may, within the scope of its responsibilities:
- (a) perform activities and make recommendations to the board consistent with these terms of reference;
 - (b) engage independent counsel and other advisors as it considers necessary to carry out its duties at Perpetual's expense;
 - (c) require the attendance of company officers at meetings as appropriate; and
 - (d) have unrestricted access to management, employees, and information it considers relevant to its responsibilities under these terms of reference.
- 1.3 The committee has no management role.

2. MEMBERSHIP

- 2.1. Committee members are appointed by the board. The committee will consist of:
- (a) a minimum of three members
 - (b) all of whom are non-executive directors; and
 - (c) a majority of whom are independent directors.
- 2.2. The board also appoints the chairman of the committee, who must be an independent director who is not the chairman of the board.
- 2.3. Each member must be financially literate; at least one member must have investment or related financial expertise and some members must have an

understanding of the financial services industry.

- 2.4. The chairman of the committee will ensure that there is an appropriate induction process for completion by each new member.
- 2.5. The secretary of the committee will be the company secretary, or such other person as nominated by the board.
- 2.6. The skills and performance of all committee members will be reviewed annually by the board.

3. MEETINGS

- 3.1 The committee meets formally four times a year, or otherwise as agreed, and the schedule of meetings will be agreed in advance.
- 3.2 Special meetings may be convened as required or requested by a director.
- 3.3 The number of times the committee meet and the individual attendance by members at committee meetings must be disclosed in the annual report.
- 3.4 A quorum is two independent non-executive director members of the committee.
- 3.5 The Managing Director will be invited to attend all meetings, unless otherwise determined by the committee. Other senior executives will be invited to attend as required.
- 3.6 The agenda and supporting papers should be delivered to the committee members by the company secretary at least five days in advance of each meeting.
- 3.7 Draft minutes of each committee meeting are to be approved by the committee chairman and circulated to all committee members by the company secretary within a reasonable timeframe following the committee meeting.
- 3.8 Once the minutes have been approved by the committee chairman, a copy of the minutes will be included in the papers for the next board meeting.
- 3.9 Minutes are not a verbatim recording of the meeting but should accurately record the resolutions of the committee, key reasons for those decisions (where appropriate) and actions arising.
- 3.10 The action list from each committee meeting will be approved by the committee chairman and circulated to all committee members with the minutes of the meeting.
- 3.11 The action statement will include accountabilities and the nature and timing of subsequent reporting.
- 3.12 Reports and other papers of the committee shall be made available to all directors upon request, provided no conflict of interest exists.
- 3.13 Other members of the board are invited to committee meetings under a standing invitation.

4. RESPONSIBILITIES

4.1 Investment Activities carried out for Third Parties

In relation to the investment activities which the Perpetual Group performs for third parties, the committee will:

- (a) monitor the strategic context (such as customer requirements and competitive strategies) for the development and maintenance of the Group's new and existing investment products and mandates;
- (b) review the appropriateness of investment strategies used to support the group's investment products and mandates;
- (c) monitor whether the investment processes (including investment systems) effectively support the chosen investment strategies;
- (d) review the policies (such as brokerage, soft dollars, transition management, trading, media interaction and voting policy) adopted to implement the investment processes;
- (e) review whether investment performance and investment risk levels appropriately reflect the chosen investment strategies;
- (f) monitor whether investment and fund performance meets performance expectations relative to peers and benchmarks;
- (g) monitor exposure to, or reliance on, particular revenue streams linked to market outcomes or events;
- (h) monitor asset levels across asset classes and investment products with regard to capacity constraints;
- (i) monitor the minutes and work completed by Perpetual's Investment Review Committee;
- (j) review periodically the investment governance structures in operation in relation to the Perpetual Investments and Perpetual Private business units, including the role and responsibilities of those structures.

4.2 Development/Maintenance of Perpetual Group Investment Capabilities

The committee will:

- (a) monitor Perpetual Group investment capabilities across investment strategies;
- (b) monitor investment landscape to evaluate both short and long-term emerging market needs;
- (c) review the evolving investment capabilities needed by asset managers and other Perpetual Group investment professionals to meet the future needs of the Perpetual Group.

4.3 Approval for seed funding

The committee will consider a business case proposal for seed funding and recommend to the board (if so determined by the committee) an endorsement of the proposal.

5. GENERAL

- 5.1 The committee will carry out any other responsibilities and functions that may be delegated by the board.

6. REPORTING RESPONSIBILITIES

- 6.1 The committee will through its chairman, regularly update the board about matters relevant to the committee's role and responsibilities and make appropriate recommendations for approval by the board.

7. EVALUATING PERFORMANCE

- 7.1 In order to ensure that the committee is fulfilling its duties to Perpetual and its shareholders, the committee will periodically:
- (a) obtain feedback from the board on the committee's performance and implement any agreed actions; and
 - (b) provide any information the board may request to facilitate its review of the committee's performance.

8. REVIEW OF TERMS OF REFERENCE

- 8.1 The committee will review the committee's terms of reference periodically, discuss any required changes with the board and ensure any revisions to the terms of reference are approved by the Perpetual board.

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